REMARKS

Applicant has carefully reviewed the Office Action mailed February 11, 2008, and thanks Examiner Dass for the detailed review of the pending claims. In response to the Office Action, Applicant has amended claims 1 and 3-6. By way of this amendment, no new matter has been added. Accordingly, claims 1-7 remain pending in this application. At least for the reasons set forth below, Applicant respectfully traverses the foregoing rejections.

As Applicant's remarks with respect to the Examiner's rejections are sufficient to overcome these rejections, Applicant's silence as to assertions by the Examiner in the Office Action or certain requirements that may be applicable to such rejections (e.g., whether a reference constitutes prior art, motivation to combine references, assertions as to dependent claims, etc.) is not a concession by Applicant that such assertions are accurate or such requirements have been met, and Applicant reserves the right to analyze and dispute such assertions/requirements in the future. Further, for any instances in which the Examiner took Official Notice in the Office Action, Applicant expressly does not acquiesce to the taking of Official Notice, and respectfully request that the Examiner provide an affidavit to support the Official Notice taken in the next Office Action, as required by 37 CFR 1.104(d)(2) and MPEP § 2144.03. Applicant respectfully requests reconsideration of the present application in view of the above amendment, and the following remarks.

Specification

The Specification was objected to under 37 CFR 1.71 as being so incomprehensible as to preclude a reasonable search of the prior art. Applicant respectfully transverses the objection.

Applicant specifically directs the Examiner's attention to FIG. 2 and paragraphs [0108] to [0124] which describe an embodiment of a method. In this illustrative example, the method is presented clearly. Accordingly, reconsideration and withdrawal of this objection is respectfully requested.

24

Claim Rejections – 35 U.S.C. § 112

Claims 1-7 were rejected under 35 U.S.C. § 112, second paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Applicant respectfully traverses the rejection.

The Examiner has cited several recitations within the claims that are alleged to be indefinite. These recitations have been amended. Accordingly, reconsideration and withdrawal of this rejection is respectfully requested.

Claim Rejections – 35 U.S.C. § 103

Claims 1-7 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Postrel* (U.S. 2007/0130011) in view of knowledge of one of skill in the art as supported by O'Leary. Applicant respectfully traverses the rejection.

In performing a 35 U.S.C. §103 analysis, it is error to consider "references in less than their entireties, i.e. in disregarding disclosures in the references that diverge from and teach away from the invention at hand." *W.L. Gore & Associates, Inc. v. Garlock, Inc.* 721 F.2d 1540, 1550, 220 USPQ 303, 311 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984).

"To establish prima facie obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art." *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). M.P.E.P. § 2143.03. Accord. M.P.E.P. § 706.02(j).

"The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in the applicant's disclosure." *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

The Examiner appears to make two distinct rejections, namely <u>Postrel in view of 'check clearing'</u> (Final Office Action mailed February 11, 2008, page 5, line 13 to page 6, line 6) and <u>Postrel in view of O'Leary</u> (Final Office Action mailed February 11, 2008, page 6, lines 7-17), which will be addressed separately below.

25

Independent claim 1, as amended, positively recites a processor that "generates invalidation data representative of an amount of points within the account associated with the second user for prohibiting said second user from using the points specified by said second point data." The Examiner admits that Postrel does not disclose this recitation (Non-Final Office Action, mailed February 11, 2008, page 5, lines 13-16).

'Check Clearing' - Official Notice

Expedited Funds Availability Act

The Examiner appears to mention a bank's processes when complying with the Expedited Funds Availability Act (Title 12, Chapter 41, §4002(a)(2)(E)). (See Final Office Action mailed February 11, 2008, page 5, lines 16-22). However, the process of a bank placing a hold on an amount within an account is a timed limit that will automatically expire at the start of another day, and not a validation of the transfer that requires another action to be taken (such as the receipt of validation data) to permit the money to be transferred. Further, a system where a check clears (as is known to the applicants) operates where a first bank (Examiner's bank) receives a check drawn on a second bank (the bank that is asked to honor the check) and the second bank has a limited amount of time to identify the check as inappropriate for payment and deny payment. Upon expiration of this time period, the second bank must honor the check and cannot deny payment to the first bank. During this time period, the Examiner's account may show the amount of the check as 'on hold' or "unavailable". However, if the second bank permits the time period to expire without denying payment, the second bank must honor the payment, and the first bank must 'release' the funds. Throughout this process, the 'hold' expires automatically (unless an express denial occurs), and does not expire after the receipt of any data or occurrence of any event within the control of either bank.

The Resulting Combination

The Examiner has modified the system of Postrel with a 'check clearing' system. However, even assuming *arguendo* that this combination may be proper, the resulting modified

system would not contain all of the elements of independent claim 1. Specifically, Postrel

teaches that points may be validated and debited from an account (paragraphs [0032] and

[0038]). Then, the account holder may purchase an item (paragraphs [0033] and [0039]).

However, the account of Postrel is debited before the item is delivered. Therefore, the system of

Postrel would not benefit from a hold on funds (from 'check clearing'), since the funds, or

points, of Postrel need never be delayed to determine if the user has adequate funds for the

transaction.

<div align="center">Examiner's Motivation</div>

"[R]ejections on obviousness grounds cannot be sustained by mere conclusory

statements; instead, there must be some articulated reasoning with some rational underpinning to

support the legal conclusion of obviousness." *KSR Intern. Co. v. Teleflex Inc.*, 550 U.S. ___

(2007), 127 S.Ct. 1727, decided April 30, 2007, quoting *In re Kahn*, 441 F. 3d 977, 988 (Fed.

Cir. 2006).

For this modification of Postrel, the Examiner supplies as motivation "to avoid double

usage and fraud." (Final Office Action mailed February 11, 2008, page 6, line 6). However, the

system of Postrel does not suffer from a problem of double usage and fraud since the funds are

received before the item is delivered. Further, modifying the system of Postrel with the system

of 'check clearing' would introduce a risk of fraud since the time limit of 'check clearing' could

expire before the merchant identifies the account as having insufficient funds, resulting in the

merchant having delivered the goods without receiving payment. Applicants do not understand

how any modification of a system where the funds are received before delivery could result in a

system that avoids fraud (or has less fraud potential).

<div align="center">OFFICIAL NOTICE - CLAIM 1</div>

In the Non-final Office Action mailed July 17, 2007, (page 5, line 13 to page 6, line

6), the Examiner took Official Notice of known methods to mark a transfer amount on hold.

Applicant requested that the Examiner provide documentary to support the taking of Official

<div align="center">27</div>

Notice (as is required by 37 CFR § 1.104(d)(2) and MPEP § 2144.03) in the response submitted
on November 19, 2007. The Examiner has not supplied an affidavit, but references KSR. (Final
Office Action mailed February 11, 2008, page 6, line 3). *KSR Intern. Co. v. Teleflex Inc.*, 550
U.S. ___ (2007), 127 S.Ct. 1727 did not overrule the requirement of 37 CFR § 1.104(d)(2) that
"the examiner must provide documentary evidence in the next Office action if the rejection is to
be maintained." (*See* MPEP § 2144.03 and 37 CFR § 1.104(d)(2)) Applicants again request that
the Examiner provide documentary evidence (such as an affidavit supporting the Examiner's
personal knowledge) to support the taking of Official Notice.

        MPEP § 2144.03(C) states to "adequately traverse such a finding, an applicant must
specifically point out the supposed errors in the examiner's action." The error of the Examiner's
action is that the Examiner contends that 'check clearing' teaches 'generating invalidation data'
in page 5, line 13 to page 6, line 6 of the final office action mailed on February 11, 2008.
Importantly, check clearing, inasmuch as the Examiner has explained the term, involves placing
an automatic hold on a check (or portion of the money of the check) for a specific period of time
and automatically releasing the hold after the period of time. Assuming *arguendo* that this
taught the generation of invalidation data, claim 1 also recites "when receiving said validation
data from one of said terminals, modifies or deletes said invalidation data." Even with the
Examiner's combination of Postrel and 'check clearing', the Examiner has not explained how the
purported 'validation data' of Postrel could "modify or delete" the purported 'invalidation data'
of 'check clearing' when the 'validation data' of Postrel is received.

        In brief summary, Applicants disagree with the Examiner that a well known check
clearing system includes that, when validation data is received by the system, will delete or
modify the hold on the funds.

<div align="center">Teaching Away</div>

        The Examiner modifies Postrel by placing a hold on the funds that are transferred to
the merchant. However, the merchant of Postrel would not desire to forgo receiving the funds

<div align="center">28</div>

and wait a prescribed amount of time for the funds. Accordingly, Postrel, taken in its entirety, teaches away from the Examiner's purported modification.

OFFICIAL NOTICE – CLAIMS 2-7

To the extent the Examiner intends to take Official Notice of known methods to use email for notification of settlement data (Non-final Office Action mailed July 17, 2007, page 8, lines 2-11), Applicant seasonably requests that the Examiner provide documentary evidence to support the taking of Official Notice as is required by 37 CFR § 1.104(d)(2) and MPEP § 2144.03.

O'Leary

The Resulting Combination

The Examiner has modified the system of Postrel with the system of O'Leary. However, even assuming *arguendo* that this combination may be proper, the resulting modified system would not contain all of the elements of independent claim 1. Specifically, the Examiner contends that O'Leary teaches "generates invalidation data for prohibiting said second user from using the points specified by said second point data," However, O'Leary provides that when "the financial loop has been closed with the receipt of the payment record 245 by the merchant, the merchant can confidently ship the goods 260 to the consumer." (column 17, lines 58-61). Further, the merchant's account of O'Leary is a "receive only account" that does not permit invalidating the transaction. (column 6, lines 3-7) Accordingly, O'Leary does not teach invalidating and validating a transfer of funds, but rather confirming that the funds have been transferred.

O'Leary teaches that a merchant may ship goods <u>after</u> confirming that a payment has been completed, and permits a buyer to pay for the goods without a credit card, but through a bank. (column 18, lines 44-66). Similarly, Postrel teaches that points may be validated and debited from an account (paragraphs [0032] and [0038]). Then, Postrel teaches that the account holder may purchase an item (paragraphs [0033] and [0039]. Importantly, the account of the

29

systems of Postrel and O'Leary are debited before the item is delivered. Therefore, the systems of Postrel and O'Leary would not benefit from invalidating the funds, since the funds need never be delayed to determine whether the user has adequate funds for the transaction.

Dependent Claims

Dependent claims 2-7 are also patentable by being dependent on an allowable base claim. Accordingly, reconsideration and withdrawal of this rejection is respectfully requested.

Conclusion

In view of the above amendment and remarks, the pending application is in condition for allowance. If, however, there are any outstanding issues that can be resolved by telephone conference, the Examiner is earnestly encouraged to telephone the undersigned representative.

It is believed that any additional fees due with respect to this paper have already been identified in any transmittal accompanying this paper. However, if any additional fees are required in connection with the filing of this paper that are not identified in any accompanying transmittal, permission is given to charge our Deposit Account No. 18-0013, under Order No. 65316-0007 from which the undersigned is authorized to draw. To the extent necessary, a petition for extension of time under 37 C.F.R. §1.136 is hereby made, the fee for which should also be charged to this Deposit Account.

Dated: July 11, 2008   Respectfully submitted,

Electronic signature: /Kenneth W. Jarrell/
Michael B. Stewart
   Registration No.: 36,018
Kenneth W. Jarrell
   Registration No.: 52,484
RADER, FISHMAN & GRAUER PLLC
Correspondence Customer Number: 10291
Attorneys for Applicant